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AUDITOR'S SPECIAL REPORT
ON AGREED UPON PROCEDURES
Town of Ecu, Mississippi
September 30, 2006

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

Mayor and Board of Alderpersons
Town of Ecu, Mississippi

I have applied certain agreed-upon procedures, as described below, to the accounting records of the Town of Ecu, Mississippi, as of September 30, 2006, and for the year then ended, as required by the Office of the State Auditor, under provisions of Section 21-35-31, Miss. Code Ann. (1972). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. It is understood the report is solely for the use of the governing body of the Town of Ecu, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Consequently, I make no representations regarding the sufficiency of the procedures described below either for which this report has been requested or for any other purpose. My procedures and findings are as follows:

1. I reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Bancorpsouth	General	\$ 208,209
Bancorpsouth	Water & Sewer	\$ 100,940

2. I confirmed all investments as of the fiscal year end. They were in the form of Certificates of Deposit that are included in the amounts above. The General Fund had a certificate in the amount of \$3,678.16 and the Water & Sewer Fund has certificates in the amount of \$51,842. All investment transactions were examined for compliance with investments authorized by section 21-33-323 of the Mississippi Code of 1972.
3. I performed the following procedures with respect of taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced Levies to governing body minutes.
 - b. I confirmed with the Pontotoc County Tax Assessor/Collector the amounts collected on behalf of the Town and remitted to them. I traced these into the general ledger without exception.
 - c. Determined that uncollected taxes were properly handled, including tax sales.
 - d. Traced distribution of taxes collected to proper funds without exception.
 - e. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The Town failed to conduct a tax sale for delinquent taxes in accordance with Section 21-33-63, Miss. Code Ann. (1972).

4. I obtained a statement of amounts paid by the Department of Finance & Administration to the municipality. Payments indicated were traced to deposits in the general ledger in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General Fund	\$141,100
Homestead Reimbursement	General Fund	9,719
Fire Protection Allocation	General Fund	4,816
General Municipal Aid	General Fund	494
Gasoline Tax	General Fund	2,604
TVA – In Lieu of Tax	General Fund	24,459
Other Aid	General Fund	15,384

5. I selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57, Miss. Code Ann. (1972), as applicable.

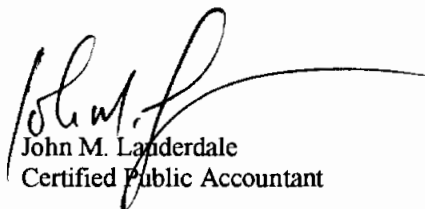
The sample consisted of the following:

Number of sample items	93
Total dollar value of sample	\$ 113,041

I found that the municipality's purchasing procedures were in noncompliance in several instances. In four of the items samples, totaling \$3,146, expenditures were not properly authorized in the minutes.

I have read the municipal compliance questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements; however, as mentioned in paragraph 3, the Town failed to conduct a tax sale on delinquent taxes and in paragraph 5 there were problems in purchase compliance.

Because the above procedures do not constitute an audit in accordance with audit standards generally accepted in the United States of America, I do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused me to believe the items specified in Paragraphs 1, 2, and 3 should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Ecu, Mississippi for the year ended September 30, 2006.


 John M. Landerdale
 Certified Public Accountant

January 19, 2007

**COMPILED FINANCIAL STATEMENTS
TOWN OF ECRU, MISSISSIPPI
September 30, 2006**

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Accountant's Compilation Report

Honorable Mayor and Board
Of Alderpersons
Town of Ecu
Ecu, Mississippi

I have compiled the accompanying statement of cash receipts and disbursements of the Town of Ecu, Mississippi for the year ended September 30, 2006 and the Schedule of Long Term Debt and Schedule of Surety Bonds for Town Officials, which are presented for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

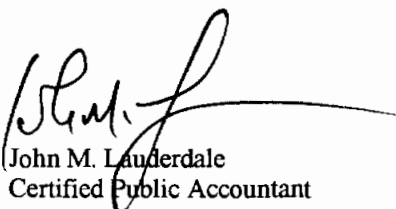
A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. I have not audited or reviewed the financial statements referred to above and, accordingly, do not express and opinion or any other form of assurance on them.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

The Mayor and Alderpersons have elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management also has not presented management's discussion and analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of Section 21-35-31, Miss. Code Ann. (1972), I have issued a report dated January 19, 2007, on the results of our agreed upon procedures.



John M. Lauderdale
Certified Public Accountant

January 15, 2007

TOWN OF ECRU MISSISSIPPI
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the fiscal year ended September 30, 2006

	Governmental Activities	Business-type Activities	Total
	General Fund	Water and Sewer	
Receipts			
General Property Taxes	\$107,998		\$107,998
In Lieu of Taxes	38,282		38,282
License and Permits			
Privledge License	4,497		4,497
Building Permits	210		210
Franchise Tax	10,300		10,300
Intergovernmental Revenue:			
State Shared Revenues:			
Sales Tax	141,100		141,100
Gasoline Tax	2,604		2,604
General Municipal Aid	494		494
Fire Insurance Premium Tax Distribution	4,816		4,816
Law Enforcement Assistance Grant	8,884		8,884
CDBG		6,500	6,500
Charges for Services:			
Sanitation	29,173		29,173
Water and Sewer		335,416	335,416
Other Receipts:			
County Fire Support	10,069		
Rents	2,475		2,475
Fines	50,650		50,650
Miscellaneous	20,315		20,315
Interest Income	29	718	747
Cemetery Lots & Donations	4,008		4,008
General Donations	1,000		1,000
Park Revenues & Donations	6,448		6,448
Total Receipts	\$443,352	\$342,634	\$785,986

See accountant's compilation report.

TOWN OF ECRU MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, Continued
For the fiscal year ended September 30, 2006

	Governmental Activities	Business-type Activities	Total
	General Fund	Water and Sewer	
Disbursements			
General Government	\$118,944		\$118,944
Public Safety:			
Police	176,982		176,982
Fire	15,883		15,883
Maintenance of Public Property	22,236		22,236
Recreation	11,716		11,716
Sanitation	29,075		29,075
Water & Sewer		243,389	243,389
Interest		34,427	34,427
Total Disbursements	374,836	277,816	652,652
Excess (Deficiency) of receipts over disbursements	68,516	64,818	133,334
Other financing sources (uses):			
Proceeds of loans			0
Capital Outlay		(27,128)	(27,128)
Debt Retired		(14,328)	(14,328)
Payroll withholding	(471)		(471)
Transfers	(5)	5	0
Total Other financing sources (uses)	(476)	(41,451)	(41,927)
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	68,040	23,367	91,407
Cash Basis Fund Balance-Beginning of Year	140,169	77,573	217,742
Cash Basis Fund Balance-End of Year	\$208,209	\$100,940	\$309,149

See accountant's compilation report.

TOWN OF ECRU, MISSISSIPPI
 SCHEDULE OF LONG TERM DEBT
 September 30, 2006

Definition & Purpose	Balance Outstanding	Transactions During Fiscal Year		Balance Outstanding September 30, 2006
	October 1, 2005	Issued	Redeemed	
Water & Sewer:				
Notes Payable - Bancorpsouth	9,181	15,750	6,699	18,232
Note Payable Rural Development	320,825		10,124	310,701
Note Payable GECC	25,454		2,880	22,574
Note Payable GECC	166,671		10,375	156,296
Totals	\$522,131	\$15,750	\$30,078	\$507,803

See accountant's compilation report

TOWN OF ECRU, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2006

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Tom Todd	Mayor	Western Surety Co.	\$10,000
Gretchin Moody	Town Clerk	Western Surety Co.	\$50,000

See accountant's compilation report.